



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

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FAX 2pg.
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SEPTEMBER 7, 1989

LEGISLATIVE REFERRAL MEMORANDUM

OCA FILE

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SUBJECT: Revised draft Statement of Administration Policy on
S. 1324, Intelligence Authorization Act for FYs 1990 and
1991.

The Office of Management and Budget requests the views of your agency on the above subject before advising on its relationship to the program of the President, in accordance with OMB Circular A-19.

A response to this request for your views is needed no later than C.O.B., FRIDAY, SEPTEMBER 8, 1989.

Questions should be referred to SUE THAU/ANNETTE ROONEY (395-7300), the legislative analyst in this office.

Sue Thau for

RONALD K. PETERSON FOR
Assistant Director for
Legislative Reference

STAT

Enclosure

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September 7, 1989
(Senate)

S. 1324 - Intelligence Authorization Act
for Fiscal Years 1990 and 1991
(Boren (D) Oklahoma)

The President's senior advisors would recommend veto of S. 1324 unless it were amended to delete Section 104. Section 104 would preclude the Central Intelligence Agency from using funds from the reserve for contingencies for financing any covert action unless Congress is given prior notice. By restricting the use of these funds, this section eliminates all flexibility to delay congressional notification to meet circumstances -- such as situations where innocent lives are at stake -- thereby undermining the President's ability to fulfill his constitutional duties to conduct foreign policy and protect national security.

The Administration also opposes the following provisions:

- The expansion of the demonstration project authorizing pay supplements to FBI agents assigned from other locations to the high-cost New York City area. The expansion would apply the pay supplement to all FBI employees in New York, even to those who are not subject to mobility requirements. This would be inconsistent with the intent of the demonstration project, which was to address the difficulties of attracting certain FBI personnel to accept assignments requiring a move to New York. Rather than paying a supplement, recruiting and retention problems for employees already living in New York may be better addressed by using other pay authorities, such as special rates.
- The requirement that the FBI be responsible for conducting all investigations of violations of United States espionage laws by persons employed by or assigned to U.S. diplomatic missions because it is for the President to determine how best to investigate violations of U.S. law.

In addition, the Administration will seek to have certain program authorization levels reallocated to make them consistent with the Administration's request. Specifically, the Administration urges that enhancements for arms control verification be authorized as requested by the President.